



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ROBERT GORDON
DIRECTOR

IV-D MEMORANDUM 2019-003

TO: All Friend of the Court (FOC) Staff
All Prosecuting Attorney (PA) Staff
All Office of Child Support (OCS) Staff
All Michigan State Disbursement Unit (MiSDU) Staff

FROM: Erin P. Frisch, Director
Office of Child Support

DATE: March 11, 2019

SUBJECT: U.S. Bank ReliaCard Pre-Acquisition Disclosure and Fee Schedule

UPDATE(S):

☐ Manual

☐ Form(s)

ACTION DUE: None

POLICY EFFECTIVE DATE: April 1, 2019

PURPOSE:

New federal regulations require the provision of comprehensive disclosure information to custodial parties (CPs) prior to acquiring the U.S. Bank ReliaCard prepaid debit card.¹ Effective April 1, 2019,² the Michigan IV-D program will:

- Provide two separate disclosure documents to CPs at the same time;
- Provide the disclosure documents before CPs acquire a U.S. Bank ReliaCard; and
- Provide a statement that the CP does not have to accept the U.S. Bank ReliaCard and has options for receiving child support payments.

¹ Ref: [Michigan IV-D Action Transmittal \(AT\) 2009-008, Michigan's Electronic Disbursement Process](#), for information on electronic child support payments.

² The Bureau of Consumer Financial Protection extended the overall effective date of the federal requirements from April 1, 2018 to April 1, 2019. Ref: The Bureau of Consumer Financial Protection Final Rule, [Rules Concerning Prepaid Accounts Under the Electronic Fund Transfer Act \(Regulation E\) and the Truth in Lending Act \(Regulation Z\)](#).

DISCUSSION:

On October 5, 2016, the federal Bureau of Consumer Financial Protection issued a new federal regulation for prepaid accounts under Regulation E: The Electronic Fund Transfer Act.³ The new federal regulation, which is commonly referred to as the Prepaid Rule, extends Regulation E coverage to prepaid accounts.⁴ Prepaid accounts include the U.S. Bank ReliaCard debit card that Michigan's IV-D program uses to electronically disburse child support payments to families. The Prepaid Rule requires the financial institution⁵ to provide customers comprehensive information regarding prepaid account terms and conditions before they open the account. Therefore, the Michigan IV-D program is required to provide CPs complete disclosure information for the U.S. Bank ReliaCard before they receive the card. This information includes fee schedules, credit protection rights, and instructions for CPs to choose the method in which they will receive child support payments.⁶

Note: Sending disclosure information before CPs receive the ReliaCard will not affect disbursements to CPs who currently receive payments on the ReliaCard.

U.S. Bank ReliaCard Disclosure Documents⁷

The Michigan IV-D program will provide CPs with two disclosure documents prepared by U.S. Bank:⁸

- The Short Form (Pre-Acquisition Disclosure) contains a brief summary of U.S. Bank ReliaCard fees. It also notifies recipients they have two direct deposit options: their personal bank account or the **prepaid** debit card account; and
- The Long Form (Fee Schedule) provides comprehensive fee information and consumer financial protection information.

Delivery of Disclosure Documents

Beginning March 25, 2019, the Michigan IV-D program will provide U.S. Bank ReliaCard disclosure information to CPs *before* they acquire a U.S. Bank ReliaCard. Previously, this information was provided to CPs when they acquired the card. Providing this

³ Ref: [15 United State Code \(USC\) 1693](#).

⁴ 12 Code of Federal Regulations (CFR) 1005.15 is published on [page 84326, Volume 81, Number 225 of the Federal Register](#).

⁵ A government agency is considered a financial institution under Regulation E of the Electronic Funds Transfers Act. Ref: 12 CFR 1005.15(a) for more information.

⁶ Ref: 12 CFR 1005.15 and 12 CFR 1005.18 for specific language that must be included on the disclosures.

⁷ The content in the disclosure documents is owned by U.S. Bank.

⁸ There are instances under the Prepaid Rule that allow only the Short Form to be provided; however, because the U.S. Bank ReliaCard is not available for purchase in retail locations, both disclosures must be provided at the same time.

information in advance will help the CP make an informed financial decision *before* choosing the debit card.

The MiSDU will print the Pre-Acquisition Disclosure and Fee Schedule as a two-sided insert and mail the insert to new customers with their first support payment check. Reference Exhibit 2019-003E1 for a sample of the insert.

Acquiring the U.S. Bank ReliaCard

Michigan's IV-D program offers two ways for a CP to acquire a U.S. Bank ReliaCard:

- The MiSDU mails CPs their first support payment by paper check. Included in that mailing is the *Direct Deposit Authorization Form* (DHS-1377) along with instructions indicating that recipients must choose either direct deposit or a debit card for future support payments.⁹ The MiSDU will also include the disclosure insert in this mailing. To select direct deposit to their checking or savings account, CPs must complete and return the DHS-1377 within 21 days. If customers do not return the DHS-1377, they will automatically receive a U.S. Bank ReliaCard. IV-D staff should encourage new CPs to wait for their first paper check from the MiSDU to ensure they receive the disclosure.
- CPs who currently receive child support funds electronically disbursed to their personal bank account have the option to switch to a U.S. Bank ReliaCard by completing and returning the *Debit Card Authorization* form (DHS-1371). When CPs request the DHS-1371, MiSDU staff will attach the disclosure document to the form. The disclosure will also be available on the MiSDU website at misdu.com.

Note: If the DHS-1371 is available for public access in local offices, IV-D staff **must** print the disclosure document and attach it to the DHS-1371.

The DHS-1377 and DHS-1371 disclosure forms are not stored in MiCSES.

Additional Information

IV-D staff and CPs may direct their disclosure-related questions to the MiSDU. Additional financial questions may need to be referred to U.S. Bank.

Current ReliaCard customers can visit www.USBankReliaCard.com or call U.S. Bank Customer Service at 855-233-8374 for specific account questions.

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

⁹ Ref: Michigan Compiled Law (MCL) 400.236 for more information on requirements about changing child support payments from paper checks to electronic disbursement.

REVIEW PARTICIPANTS:

Financials Work Improvement Team
Program Leadership Group
MiSDU

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None

SUPPORTING REFERENCES:

Federal
12 CFR 1005.15
12 CFR 1005.18
15 USC 1693

State
MCL 400.236

ATTACHMENT:

Exhibit 2019-003E1: U.S. Bank ReliaCard Disclosure Insert

EPF/KLU